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SOURCES OF WORLD'S BUTTER SUPPLY SHIFTING

FROM NORTHERN TO SOUTHERN HEMISPHERE.

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AN 15 1922
1922

War Effects Changes In International Trade In
Butter - Russia and Germany Two Uncertain Factors
In World's Butter Situation - Production and Con-
sumption of Butter in the United States Increases.

The trade in butter between producing and consuming countries experienced just as great an upheaval during the war as did the trade in many other commodities. The trade was greatly curtailed on account of war time shipping restrictions and the prevailing economic conditions in buying and selling countries. This decrease was so great that even as late as 1920 the total volume of butter ^{entering} into international trade was only about one-half as great as the annual average during the five years preceding the war.

Outstanding among the changes that have taken place since the beginning of the war, are the decline and recovery of the British butter trade, the shift in sources of supply from European to South American and Australasian countries and the changed economic status of Russia and Germany.

Russia, formerly second only to Denmark as an exporter, with an exportation averaging 148,000,000 annually, is now entirely out of the trade, while Germany which was formerly second to the United Kingdom as an importer, with an annual average importation of 111,000,000 lbs., imported only 17,000,000 lbs. during 1920. This was less than 15% of her pre-war average. Of the 17,000,000 lbs. imported in 1920, 28% was supplied by Denmark and 68% by the Netherlands. Until Russia again becomes a source of supply for Germany, any increase in the exterior purchasing power of the mark will directly strengthen the market for all of the continental exporting countries. Any large flow of butter to Germany would of course have a tendency to affect prices in the United Kingdom, at present the world's principal butter market.

The developments in the dairy situation of foreign countries are always of importance to the producer in the United States for the simple reason that any increase or decrease in production or consumption in any foreign country has an immediate influence upon our domestic butter market. The extent to which

the foreign situation may influence the butter market in this country is evidenced by the fact that the United States changed from a net exporter in 1919 of 25,000,000 lbs. to a net importer in 1920 of 20,000,000 lbs. which figure decreased in 1921 to 10,500,000 lbs.

Of the foreign countries that before the war were on an export basis, France, Italy, Norway and Sweden had by 1920 shifted to an import basis. ~~Although~~ none of the importing countries had shifted to an export basis, the imports of all with the exception of Switzerland and Belgium show great reductions. The same situation is noted in the exporting countries, where with the sole exception of Argentina and Canada, the total exports of such countries as had not by 1920 become importers, were also considerably reduced.

Russian Situation.

A most important consideration in regard to the world situation is the question of the return of Russia as a great butter exporting nation and the effect that this return will have on the war time development of new sources of supply. It is clear that should the Russian dairy industry regain its pre-war status with the total pre-war volume of international trade already regained, competition in the world's butter market will be much keener than it is at the present time.

United Kingdom World's Butter Market.

Since the United Kingdom constitutes a world market for butter the situation in that country may be taken as a fairly clear reflection of the dairy industry the world over. The total imports of butter by the United Kingdom during 1921 amounted to 394,688,000 lbs., which was slightly more than double the imports of 1920. The increase over the 1920 imports on the part of the more important source of this supply was phenomenal. New Zealand, for example, furnished 79,000,000 lbs. an increase of 158% over 1920 exports to that market while Argentina with 45,000,000 lbs. trebled her 1920 exports. The imports from Australia during 1921 amounted to 104,000,000 lbs. an increase of 315% over those for 1920.

The rapidity and extent to which the United Kingdom is regaining her pre-war status as an importer is evidenced by the fact that



the 1921 imports were 85% of the 1909-13 average of 467,000,000 lbs., while those for 1920 were 41%, for 1919 only 37%. The most important factor in the increase in imports during the past three years is the increase in the amounts now being supplied by Australia, New Zealand and Argentina. The imports from those countries during 1921 having amounted to 228,000,000 lbs. as compared with only 110,000,000 lbs. before the war. The imports from Denmark have also increased but not in as great a proportion, that country having furnished 140,019,000 lbs. during 1921, as compared with 190,895,000 lbs. before the war. In other words, the imports from Australia, New Zealand and Argentina during 1921 supplied one-half of the United Kingdom's imported supply, while before the war less than one-fourth of the total came from those sources.

Changes in Seasonal Trend of Imports.

The outstanding feature in connection with the shift in the British sources of butter supply from European to South American and Australasian countries is the change in the months when the greater part of the butter is received. The seasonal trend of imports from both the Northern and Southern hemispheres had so complemented each other before the war that there existed a remarkably even distribution throughout the year. Since 1918, however, receipts during the spring and winter months have averaged nearly twice as heavy as during the summer and early fall. The supply from Denmark, of course, remains remarkably constant throughout the year.

Government Disposes of Stocks at a Loss.

The British butter trade during the last years of the war and up until April 1, 1921, was under the control of the Government. Maximum wholesale and retail prices were established and an extensive system of butter rationing was put into operation. The maximum prices fixed by the Government were so favorable to producers during 1920 that the stocks increased far beyond the actual demand at the prices quoted. When the official control was removed on April 1, 1921, the Government had on its hands a large supply of butter purchased at high prices which it had to

dispose of on a falling market. It was not until early in 1922 that this surplus had been absorbed by private dealers, at a considerable loss to the Government.

The Danish Situation.

Denmark at the present time constitutes the most important European source of supply for all consuming countries of Europe. Normally, however, the greatest part of her exports go to the British markets. The production of butter in Denmark during 1914, the last normal year before the war, amounted to 257,000,000 lbs. of which amount 81% was exported. Although the production during the year ending March 31, 1921 amounted to nearly 203,000,000 lbs. the percentage exported was still exactly the same. The per capita consumption of butter in Denmark, which in 1914 was 17.5 lbs. must have been reduced during 1920 to about 6 lbs. The consumption of oleomargarine in Denmark during 1920 has been estimated at 37.5 lbs. per capita.

Although Denmark exported only 67.5% of her total surplus to England during 1921, with 93% in 1913, the total shipments to that market amounted to 140,000,000 lbs., an increase of 52.9% over the 1920 shipments. During the first 6 months of 1922 the exports from Denmark to England were 17% higher than those for the corresponding period of 1921. The total Danish butter exports during 1921 amounted to 199,621,000 lbs. Denmark has recently sought other foreign markets in an attempt to make her dairy industry less dependent on the United Kingdom. Some of the new markets in the order of their importance were: Switzerland, the United States, France, Sweden, Norway, Belgium, Netherlands and Germany. Recently shipments have also been made to Poland and Czechoslovakia.

The Swiss Situation.

The dairy industry in Switzerland at the present time seems to be centered on the recovery of the Swiss cheese trade and the development of her chocolate and condensed milk industries. Butter production is therefore being disregarded to the extent that next to Great Britain, Switzerland was the most important importer of Danish butter during 1921. In both 1920 and 1921 the proportion of Denmark's exports shipped to Switzerland was 8%.

The Finnish Situation.

³The situation in Finland is featured by an increased consumption and decreased production. There was still a surplus for export, however, of approximately 3,000,000 lbs. in 1920 and 5,000,000 lbs. during the first ten months of 1921. The pre-war annual surplus in Finland amounted to 24,000,000 lbs., most of which were shipped to the United Kingdom.

The Dutch Situation.

The Dutch Dairy industry is concentrating on markets in Continental Europe, especially in Belgium and France, which are not so accessible to Denmark. The production of butter in Holland during 1920 amounted to 123,000,000 lbs., of this amount 45,575,696 lbs. or 37% was exported. Prior to the war 50% of the butter produced in the Netherlands was exported.

The Canadian Situation.

The Canadian dairy interests have recently voiced their intention of developing the British and Continental markets as an outlet for their product. Up until quite recently the United States provided the most important market for Canada's exportable surplus of butter. The production of factory butter in Canada during 1921 amounted to 122,767,580 lbs., and increase of 11,000,000 lbs. over 1920. During the fiscal year ending March 31, 1920 Canada exported 10,693,311 lbs. of butter to the United States while the United Kingdom took only 3,932,674 lbs. During the fiscal year ending March 31, 1922, however, exports to the United Kingdom amounted to 3,713,709 lbs. while those to the United States were only 3,032,939 lbs. Canada's total exports during the fiscal year 1921-22 were 8,430,591 lbs. as compared with 9,739,414 during 1920-21. This decrease is not due to decreasing production but to an increase in consumption.

U. S. Production and Consumption Increases.

The production of butter in the United States during 1921 amounted to 1,704,838,000 lbs. of which amount 1,054,938,000 lbs. were produced in creameries and 650,000,000 lbs. on the farm. This represents an increase of 10.5% over 1920 during which year the production amounted to 1,543,577,000 lbs. There

was also an increase in the amount of butter consumed in the United States during 1921, the consumption for that year having amounted to 1,725,772,651 lbs. as compared with 1,554,000,000 lbs. during 1920, an increase of 11.1%. The difference of 20,834,561 lbs. between production and consumption was made up of imports and removals from cold storage.

The imports of butter into the United States during 1921 amounted to only 18,558,388 lbs. as against 37,454,172 lbs. during 1920, a decrease of 50.5%. Exports, however, decreased by 54.2%, having amounted to only 8,014,737 lbs. in 1921 as against 17,487,735 in 1920, so that the excess of imports over exports in 1921 amounted to only 10,543,651 lbs. as against 19,966,437 lbs. in 1920.

While the production of butter in the United States during 1921 increased by 10.5% the production of oleomargarine decreased by 43% having amounted to 211,840,000 lbs. in 1921 as compared with 370,730,000 in 1920. The price of butter also decreased, the average price of 92 score creamery butter at New York during the year having amounted to 43¢ per lb. as compared with 61¢ per lb. in 1920. The stimulus to increased butter production in the United States during the past year is attributed to the material increase in the general purchasing power of butter in terms of other commodities since the fall of 1920. Statistics show that while the number of milk cows on farms increased from 23,594,000 on January 1, 1921, to 24,028,000 on January 1, 1922, the number of cattle other than milk cows declined during the same period from 41,993,000 to 41,324,000 head.

Tables 1, 2 and 3 accompanying this article give the imports of butter into the United States during 1920 and 1921, the international trade in butter during 1920 as compared with the pre-war average of 1909-13 and the imports of butter into the United Kingdom during recent and pre-war years.



TABLE I - Imports of Butter into the United States
during 1920 and 1921.

Countries from which imported	1920	1921
	Pounds	Pounds
Denmark	19,934,547	12,238,086
Netherlands	3,061,842	247,442
Canada	9,235,630	2,846,057
Argentina	4,048,648	696,275
Australia	2,806	1,433,603
New Zealand	645,459	702,636
All others	525,240	394,289
Total	37,454,172	18,558,388

TABLE II

INTERNATIONAL TRADE IN ⁽³⁾ BUTTER - AVERAGE 1909-
1913 COMPARED WITH 1920.

Source: 1921 Yearbook, U. S. Department of Agriculture

	AVERAGE 1909 - 1913		1920	
	EXCESS OF IM- PORTS OVER EXPORTS	EXCESS OF EX- PORTS OVER IMPORTS	EXCESS OF IM- PORTS OVER EXPORTS	EXCESS OF EX- PORTS OVER IMPORTS
	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.
United Kingdom	455,489	----	(2) 187,437	----
Germany	110,943	----	16,798	----
Switzerland	11,106	----	18,137	----
Belgium	10,899	----	18,341	----
Brazil	4,551	----	157	----
British South Africa	4,025	----	29	----
Egypt	2,350	----	388	----
Denmark	-----	189,289	-----	164,804
Russia	-----	148,092	-----	----
Australia	-----	77,859	-----	(1) 48,292
Netherlands	-----	70,146	-----	44,445
Sweden	-----	45,540	(4) 16,887	----
New Zealand	-----	38,761	-----	34,945
France	-----	27,056	13,993	----
Finland	-----	23,967	-----	2,503
Italy	-----	7,870	3,008	----
Argentina	-----	3,934	-----	(5) 40,677
United States	-----	2,478	19,966	----
Norway	-----	3,137	8,095	----
Canada	-----	585	-----	12,256
Total-----	599,363----	-----638,714-----	-----303,236----	----347,922.

FOOTNOTES:

(1) Exports only; imports not separately stated.

(2) Revised.

(3) All butter made from milk, melted and renovated butter, but does not include margarine, coco butter or ghee.

(4) Kommersiella Meddelander Jan. 1922.

(5) Preliminary.

(Statement prepared by Research and Foreign Statistics Section, Bureau of Markets and Crop Estimates).

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TABLE III - Imports of Butter into the United Kingdom
(Calendar Years).

Countries from which imported	1909-13 (Av.)	1919	1920	1921
	Pounds	Pounds	Pounds	Pounds
Russia	73,003,840	778,848	2,162,496	---
Sweden	37,755,827	---	448	90,496
Norway	2,959,846	698,880	---	---
Denmark	190,895,107	32,512,592	91,530,320	140,019,712
Netherlands	15,112,093	183,792	11,487,504	7,063,280
France	32,275,398	224	1,000,608	60,704
Total European Countries	352,002,111	34,174,336	106,181,376	147,234,192
United States	610,646	24,247,440	5,700,464	213,920
Argentine Republic	6,795,443	29,755,600	15,552,544	44,951,648
Australia	69,551,664	46,745,552	25,082,064	103,936,672
New Zealand	34,011,622	35,713,664	30,845,472	79,450,672
Canada	2,287,107	3,733,744	3,599,680	4,831,456
Other Countries	1,450,556	372,512	5,268,928	14,069,216
Grand Total	466,709,149	174,742,848	192,230,528	394,687,776

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Mr. O. P. King	2020 East St.	Jan 23	City Hall	Present
Mr. Q. R. Lee	2222 North St.	Jan 24	City Hall	Present
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Mr. X. Y. Scott	2828 Union Ave.	Jan 27	City Hall	Present
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Mr. F. G. Clark	3636 Columbus Ave.	Jan 31	City Hall	Present
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Mr. P. Q. King	4646 Madison Ave.	Feb 5	City Hall	Present
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Mr. V. W. Wright	5252 Lexington Ave.	Feb 8	City Hall	Present
Mr. X. Y. Scott	5454 Madison Ave.	Feb 9	City Hall	Present
Mr. Z. A. Adams	5656 Lexington Ave.	Feb 10	City Hall	Present
Mr. B. C. Baker	5858 Madison Ave.	Feb 11	City Hall	Present
Mr. D. E. Campbell	6060 Lexington Ave.	Feb 12	City Hall	Present
Mr. F. G. Clark	6262 Madison Ave.	Feb 13	City Hall	Present
Mr. H. I. Evans	6464 Lexington Ave.	Feb 14	City Hall	Present
Mr. J. K. Foster	6666 Madison Ave.	Feb 15	City Hall	Present
Mr. L. M. Gibson	6868 Lexington Ave.	Feb 16	City Hall	Present
Mr. N. O. Hall	7070 Madison Ave.	Feb 17	City Hall	Present
Mr. P. Q. King	7272 Lexington Ave.	Feb 18	City Hall	Present
Mr. R. S. Lee	7474 Madison Ave.	Feb 19	City Hall	Present
Mr. T. U. Young	7676 Lexington Ave.	Feb 20	City Hall	Present
Mr. V. W. Wright	7878 Madison Ave.	Feb 21	City Hall	Present
Mr. X. Y. Scott	8080 Lexington Ave.	Feb 22	City Hall	Present
Mr. Z. A. Adams	8282 Madison Ave.	Feb 23	City Hall	Present
Mr. B. C. Baker	8484 Lexington Ave.	Feb 24	City Hall	Present
Mr. D. E. Campbell	8686 Madison Ave.	Feb 25	City Hall	Present
Mr. F. G. Clark	8888 Lexington Ave.	Feb 26	City Hall	Present
Mr. H. I. Evans	9090 Madison Ave.	Feb 27	City Hall	Present
Mr. J. K. Foster	9292 Lexington Ave.	Feb 28	City Hall	Present
Mr. L. M. Gibson	9494 Madison Ave.	Feb 29	City Hall	Present